

VZCZCXRO3830
RR RUEHCN
DE RUEHIN #0323/01 0270544
ZNY CCCCC ZZH
R 270544Z JAN 06
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC 8302
INFO RUEHBJ/AMEMBASSY BEIJING 4602
RUEHCN/AMCONSUL CHENGDU 1022
RUEHGZ/AMCONSUL GUANGZHOU 8939
RUEHHK/AMCONSUL HONG KONG 5802
RUESLE/AMCONSUL SHANGHAI 8342
RUEHSH/AMCONSUL SHENYANG 4943
RUEAIIA/CIA WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHEFDIA/DIA WASHINGTON DC
RHHJJAA/JICPAC HONOLULU HI
RUEKJCS/SECDEF WASHINGTON DC
RHHMUNA/USPACOM HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000323

SIPDIS

SIPDIS

DEPT FOR EAP/TC

E.O. 12958: DECL: 01/27/2015

TAGS: [FAIR](#) [PREL](#) [CH](#) [TW](#)

SUBJECT: NEW YEAR CHARTER FLIGHTS LOW-KEY KICK-OFF

REF: A. 05 TAIPEI 4721

[1](#)B. TAIPEI 8

[1](#)C. TAIPEI 9

Classified By: Acting Economic Section Chief Tim Neely,
Reason 1.4 b

Summary

[1](#)1. (C) Taiwan and the PRC kicked off the latest round of cross-Straits Lunar New Year (LNY) charter flights on January 20 with much less fanfare than the two previous rounds, showing that the LNY charters are becoming routine. Because the airlines had more time to prepare and are able to sell tickets to any Taiwan passport holder with valid travel documents, passenger loads have been higher. Attention in Taiwan is focused more on the prospects for cargo and weekend passenger charter flights. The Taiwan government appears to be ready to make more progress through informal industry discussions despite Chen Shui-bian's New Year's speech signaling tighter cross-Straits economic policy.

Little Fanfare

[1](#)2. (U) As in 2005 and 2003, the first flight was a China Airlines (CAL) flight to Shanghai. CAL and other airlines conducted the flights without major ceremony. In previous years, the airlines used speeches, balloons, and gifts for travelers to turn the start of the flights into a publicity event. This year, CAL Public Affairs Department Chief Sun Hong-wen told the press that because this is the third time the two sides have conducted LNY charter flights, there was no need for this kind of event.

More Passengers and Destinations

[1](#)3. (U) Charter flights have also had higher passenger loads than in previous years. This year, the airlines had more time to prepare for the flights and market tickets. The agreement between Taiwan and PRC industry associations to

conduct the flights was announced November 18, 2005, more than two months before the first flights. Last year, airlines had less than three weeks to prepare. In addition, this year any Taiwan passport holder with valid PRC entry documents can use the flights. During the previous two rounds, only Taiwan businessmen with registered investments in the PRC could fly.

14. (U) As a result of the changes, airlines have reported passenger load factors (PLF) averaging about 70 percent of available seats so far. In 2005, PLFs averaged only 50 percent and even lower in 2003. Far Eastern Air Transport (FAT) announced that they had fully booked all flights even before the flights started. CAL has reported that it only has a few first class and business class seats left on its Shanghai and Beijing bound flights.

15. (U) The other major change this year is the addition of flights to Xiamen. The first Xiamen flights took off on January 25. Even passing through Hong Kong airspace as required by the charter flight agreement, flying time from Xiamen to Kaohsiung was only 100 minutes, three to four hours less than regular flights that stop in Hong Kong or Macau. Despite the availability of the "mini-links" connecting Xiamen to Taiwan-controlled Kinmen Island by ferry, the Xiamen flights have been heavily booked.

Eyes on Cargo and Weekend Passenger Charters

16. (C) The lack of media attention on this year's round of charter flights is due not only to the fact that this is the third round and the LNY charters are becoming routine, but also because much attention in Taiwan is focused on the

TAIPEI 00000323 002 OF 002

prospects for cargo and weekend passenger charter flights. Industry associations from the two sides have been engaged in discussions of such flights since the summer, and various AIT/T sources have told us to look for further progress after the Lunar New Year holiday. Both sides have expressed the desire to proceed. Mainland Affairs Council Chairman Joseph Wu told the media that Taiwan was not satisfied with Lunar New Year charters and would continue negotiations of weekend and cargo charters.

17. (C) Comment: Chen Shui-bian's New Year's Day speech calling for "active management" in cross-Straits economic policy signaled that he would tighten cross-Straits exchanges. However, his administration has already committed itself to charter flight discussions via industry organizations. If there is no progress toward weekend and cargo charters, it could open the ruling Democratic Progressive Party (DPP) to criticism that it cannot handle relations with the PRC -- criticism that would resonate with many centrist voters. With the DPP's post-election self-examination and the cabinet reshuffle coming to an end, we will be able to get a clearer picture of the prospects for weekend and cargo charter flights after the Lunar New Year holiday. End comment.
SHELLSMITH